Industry's Grand Challenge "Global Logistics Projection"

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Between 1990-2000: The Rules Changed!

- *Velocity takes center stage*
- *Socialist countries enter capitalist marketplace*
- *International customers became more sophisticated & demanding*
- *The rise of e-commerce*

"When change outside an organization is greater than change within, the end is near."

Jack Welsh

Our New Business Environment

- *The 24-Hour E-Economy*
- *Businesses can sell to anyone, anywhere in the world*
- *Customers can obtain near-perfect information about prices and quality*
- *Over-supply of most manufactured products & undersupply of some*
- *Demand and supply conditions change rapidly and in unpredictable ways (market turbulence and uncertainty)*
- *Defense has diminished heft in the market*

Business Reality

Logistics has emerged as the driver of the new economy -- synchronizing and dynamically controlling all activities along the supply chain -- and establishing smart companies and smart countries as the

"By the beginning of the 21st Century, one indisputable law will determine competitive success: Survival of the fastest."

Alvin Toffler: Powershift, 1990

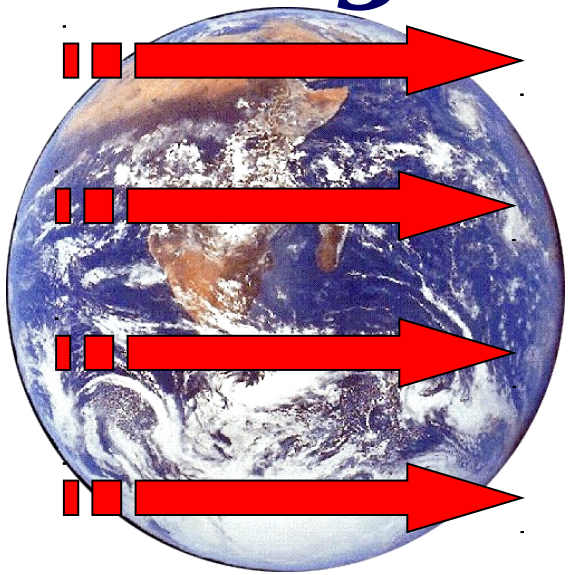
Competitive Priorities Have Changed!

1970s

1980s

1990s

2000 +



Cost
+
Quality
+
Delivery Speed
+
Agility

Agile Logistics has become a Strategic Weapon!

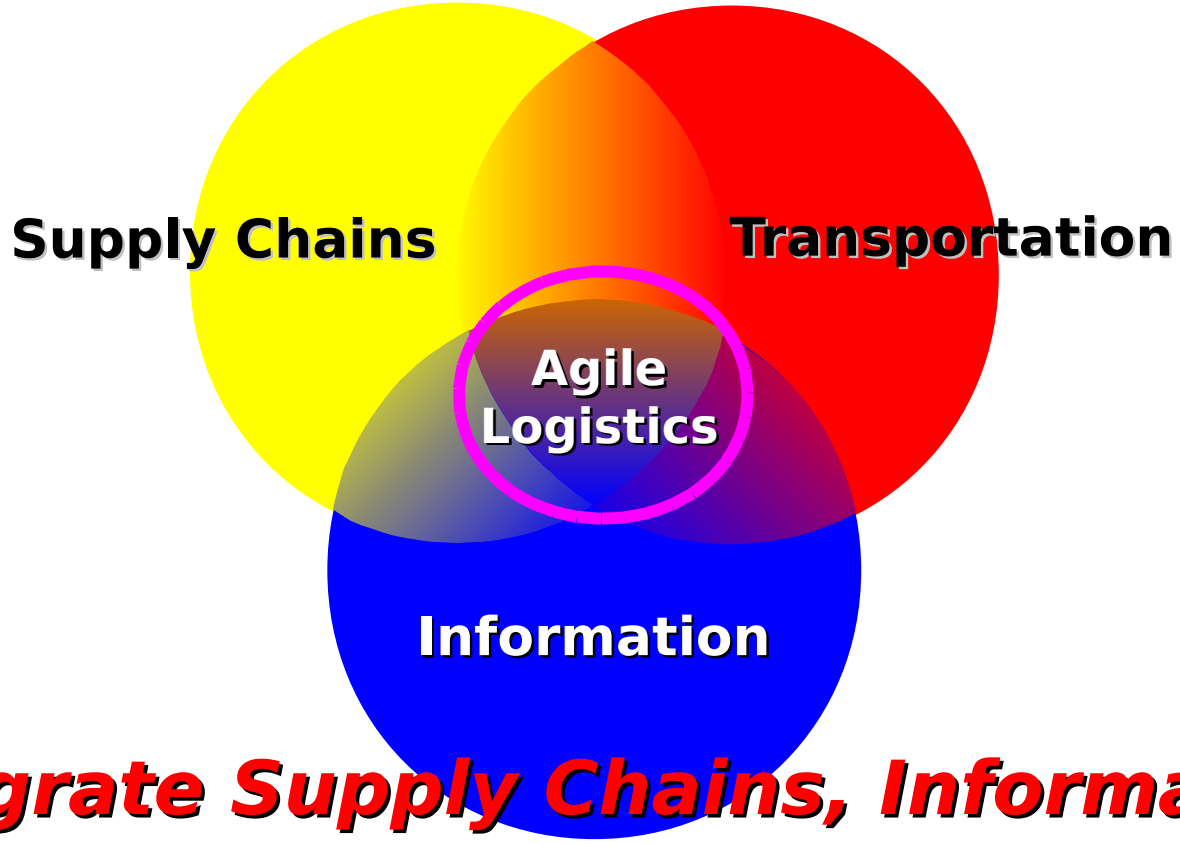
Logistics Agility is

- ***Full Integration of Supply, Manufacturing and Distribution.***
- ***Seamless and Uninterrupted Flow of Goods (information) and Materials***
- ***Plug-in Communications Infrastructure***
- ***24 to 48 Hour Delivery Anywhere in the World***
- ***Location, Order and Time Flexibility***
- ***Total Asset Visibility Throughout the Pipeline***
- ***Real-Time Asset Control ANYWHERE IN THE WORLD***

Why is Agility (Projection) Important to Industry?

- *Helps build international alliances and new business relationships*
- *Fosters market expansion and economic growth*
- *Enables access to multinational labor forces that transcend borders*
- *Stimulates collaboration in development of new business processes and technology*
- *Facilitates competitive advantage*
- *Accelerates rate of change among partners*
- *This is the direction our military*

The Formula for Logistics Agility Success



Integrate Supply Chains, Information & Transportation

How can DoD help us become Agile?

- ***Breakdown Service-Specific Stovepipes and Form an Integrated Family of DoD Logistics Systems***
- ***Full Digitization of the Defense Enterprise for Total Asset Visibility***
- ***Control Through Real-Time Actionable Web-based Logistics Information Systems***
- ***Buy Response, Not Inventory***
- ***Implement Customer Wait Time (CWT) as a Priority DoD Logistics Metric***
- ***Shift from Combatant Command - centric to Agile Global Sustainment***
- ***Outsource Logistics Functions to Private Sector Where it Makes Sense***

DoD Actions for Change

- ***Define Realistic Outcomes***
- ***Get rid of the weight***
- ***Match Policy with Reality***
- ***Consolidate logistics initiatives under a common umbrella***

Questions?